

**PENINSULA REVOLVING LOAN FUND**

**PROGRAM GUIDELINES**

Newport News Department of Development  
Peninsula Alliance for Economic Development  
Peninsula Industrial Finance Corporation

## PUBLIC INFORMATION DISCLOSURE AND CIVIL RIGHTS ACT

- A. The borrower understands that all information submitted to the Peninsula Industrial Finance Corporation involves the use of public funds and as such may be made public upon loan approval. A Disclosure Agreement is attached hereto and must be executed as part of the borrower's submission.
- B. Assurance of compliance with the Civil Rights Act of 1964 and Section 112 of Public Law 92-65, amending the Public Works and Economic Development Act of 1965, has been met. In addition, there shall be no discrimination in connection with services provided by a project involving construction of water, sewer, waste disposal or like facilities.

## BORROWER INFORMATION - Required attachments to application

- A. A general history and description of the applicant's business including: products; services; sales; markets; growth patterns; employment and projections for growth. Also describe the proposed project including: land to be acquired; site improvements; construction; equipment, etc. Include all anticipated sources of funds to support this project.
- B. A general description of the project's impact on the community including:
  - 1) Impact of the project on physical, fiscal, economic, and environmental conditions of the locality in which the project is or will be located.
  - 2) Impact of project on modest-income persons and minorities.
  - 3) Extent to which the project represents a special and unique economic opportunity.
- C. The Loan Fund Administrator shall require borrowers to provide:
  - 1) Financial information, where relevant, which includes:
    - a. Current acceptable financial statements, including balance sheets, and income statement with footnotes and supporting statements for the applicant's three most recent fiscal years and where applicable, consolidated financial statements and income statements, with footnotes, on any parent company for the three most recent fiscal years.
    - b. Most recent interim financial statements of the applicant and, where applicable, of its parent company, certified to by officers of the respective companies and maintained current during loan processing.
    - c. Last three years tax returns for business.
    - d. Three-year projected pro-forma balance sheets, income statements

cash flows and supporting statements. Cash flow analysis should be broken down on a monthly basis for a minimum of two years, or six months beyond the breakeven point, and should reflect the applicants' ability to repay debt service out of earnings.

- e. Personal financial statements of principal owners and past three years personal tax returns.
- 2) Such nonfinancial information or supporting information as the Loan Administrator determines is necessary to substantiate the pro-forma projections, including, but not limited to:
  - Estimates, firm quotations, receipts, contracts, orders, invoices, leases, or equivalent documentation from architects, engineers, contractors, subcontractors, suppliers, lessors, or others involved in the sale, lease, or construction of fixed assets, if any, for applicant's project including schedules of implementation.
- 3) General information about management capabilities, including resumes of top management. Marketing and business plans that show an understanding of the structure, operations, management, and unique problems and trends of the business may be required.
- 4) Such additional back-up information as the Loan Fund Administrator may require regarding collateral such as appraisals and valuations of non-project assets and guarantees.

### LOAN REQUIREMENTS

Prior to disbursement of funds, the Loan Fund Administrator will require the Borrower to provide assurances as detailed in the Plan and;

1. The proposed project(s) is located within Newport News or Hampton.
2. No Revolving Loan Fund proceeds will be used to assist a business to relocate from one labor area to another.
3. Uses of Revolving Loan Funds will be consistent with the economic development plan of the area.
4. The project will provide more than a temporary alleviation of unemployment or underemployment within the area of project impact.
5. Barring exceptional circumstances, the minimum loan amount will be \$20,000 and the maximum will be \$150,000.
6. Projects involving construction shall be in compliance with state and local codes and regulation.

## LOAN CONDITIONS

In making loans, the PIFC Directors shall apply the following conditions:

### A. General

- 1) Financial assistance may not be extended if total financing is otherwise available from private lenders or other agencies on terms which, at the opinion of the PIFC Directors, will permit the accomplishment of the project. However, applicants are encouraged to maximize the participation of other private sources for project financing.
- 2) There is reasonable assurance of repayment of the loan, giving full consideration to special impacts of the objectives of the Program.
- 3) Security shall be required as is determined necessary by the PIFC Directors.
- 4) PIFC Directors will normally require personal guarantees of the borrower(s) and/or principal(s), as may be necessary to properly secure the loan.
- 5) The Applicant will be required to comply with the PIFC/EDA reporting requirements. (See attached forms.)

### B. Loan Terms

- 1) The term of a fixed asset loan shall ordinarily be not greater than the weighted average useful life of the fixed asset(s) of the project, however, in no case may a fixed asset loan be made for a term of more than ten years.
- 2) The term of a full working capital loan or a loan where a majority of the proceeds are used for working capital shall not exceed four years.
- 3) Except at the discretion of the PIFC Directors, the maximum loan-to-project costs shall not exceed 75% and generally no more than 40% of the loan proceeds shall be used for working capital.
- 4) The interest rate will be established by the PIFC Directors based on a maximum of 4% below the Prime Rate as reflected in the Wall Street Journal. In no event, however, shall the rate be less than 4%.

## ELIGIBLE COSTS

- 1) Land and associated costs necessary to its acquisition and preparation.
- 2) Building and associated costs necessary to acquire, construct and/or rehabilitate.
- 3) Equipment and associated costs necessary for the acquisition and installation of machinery and equipment.
- 4) Other costs contributing to the value of project's fixed assets, such as sales and use taxes and interest on interim construction financing.
- 5) Adequate and appropriate contingency reserve.
- 6) Working capital (including inventory.)
- 7) Infrastructure costs.
- 8) Reasonable relocation costs, except where prohibited by Loan Requirements (item 2, page 2).

## REVOLVING LOAN FUND

### Fee Structure

- 1) Application Fee - a fee of \$100 will be paid by each applicant at the time of submission of the application to PIFC.
- 2) Origination Fee - a fee equal to 1% of the loan amount shall be charged at the time of the loan closing.
- 3) Legal Fee - fees for review and processing of the documents by PIFC counsel will be paid by the applicant. Applicants should contact PIFC counsel immediately upon receipt of documents to discuss fee structure and payment.
- 4) Schedule of Fee Payment - PIFC will endeavor to receive prompt payment of all fees due, however, in some cases fees could be placed into a scheduled payment program. In no event, however, will disbursement be made until all fees are paid.

## COMMERCIAL REHABILITATION PROPERTY TAX ABATEMENT:

If you are substantially renovating a building that is twenty-five years old or older, you may be eligible for Commercial Rehabilitation Property Tax Abatement. Applications for the related Commercial Rehabilitation Property Tax Abatement must be submitted to and approved by the Director of Development. Application forms are available from the City of Newport News, Department of Development, or from the Department of Codes Compliance.